

# Argyll and Bute Council

Annual Audit Plan 2016/17



 AUDIT SCOTLAND

Prepared for Argyll and Bute Council

March 2017

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit and is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and any other relevant guidance. This plan identifies our audit work to provide an opinion on the financial statements and related matters and meet the wider scope requirements of public sector audit including the new approach to Best Value. The wider scope of public audit contributes to conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

## Audit risks

2. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for Argyll and Bute Council. We have categorised these risks into financial risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

## Exhibit 1

Audit Risk	Management assurance	Planned audit work
<b>Financial statement issues and risks</b>		
<p><b>1 Risk of management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable.</p>	<p>Detailed testing of journal entries.</p> <p>Review of significant accounting estimates and evaluation of the impact of any variability in key assumptions.</p> <p>Focused testing of accruals and prepayments.</p> <p>Substantive testing of transactions after the year end to confirm income and expenditure has been accounted for in the correct financial year.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>
<p><b>2 Risk of fraud over income and expenditure</b></p> <p>ISA 240 requires auditors to presume a risk of fraud where income streams in addition to</p>	<p>The council has well developed processes for authorisation, separation of duties and workflow associated with income and</p>	<p>Analytical procedures on income and expenditure streams.</p> <p>Detailed testing of revenue and expenditure transactions,</p>

Audit Risk	Management assurance	Planned audit work
<p>Scottish Government funding are significant. Argyll and Bute Council receives significant income in addition to Scottish Government funding. The extent and complexity of income means that, in accordance with ISA240, there is an inherent risk of fraud that requires an audit response.</p> <p>Practice Note 10 expands the ISA240 assumption on fraud over income to aspects of expenditure. The risk of fraud over expenditure also applies to the council due to the variety and extent of its expenditure in delivering services.</p>	<p>expenditure. Clear schemes of delegation and authorised signatory databases are regularly updated. Financial systems have integral automated authorisation processes to ensure the risk of fraud is minimised.</p> <p>The annual internal audit plan includes a continuous monitoring programme of testing across income and expenditure systems.</p> <p>The council has recently established a Counter Fraud Team.</p>	<p>including cut-off testing, focusing on the areas of greatest risk.</p>
<p><b>3 Estimation and judgements</b></p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of:</p> <ul style="list-style-type: none"> <li>• non current assets (including heritage assets)</li> <li>• pension liabilities</li> <li>• provisions (including for any equal pay claims).</li> </ul> <p>This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<p>Non current assets are professionally valued on a regular basis in accordance with a pre determined schedule.</p> <p>Pension liabilities for inclusion in financial statements are derived from valuation calculations prepared by actuaries appointed by Strathclyde Pension Fund.</p> <p>Controls are in place over provision of accurate data to valuers/ actuaries.</p> <p>Provisions reviewed by finance officers in consultation with the council's legal service.</p>	<p>Completion of 'review of the work of an expert' for the professional valuers and actuaries.</p> <p>Review of accounting estimates and pension disclosures.</p> <p>Focused substantive testing of key areas including data Argyll &amp; Bute Council provides to its actuaries.</p>
<p><b>4 Health and Social Care Integration</b></p> <p>Argyll &amp; Bute Council and NHS Highland transferred full responsibility for delegated health and social care services to the Integration Joint Board (IJB) from 1 April 2016. As a material joint venture, the council will need to include the financial results of the IJB in the group financial statements for 2016/17. There is an increased risk of misstatement as this is a new area for disclosure in the council's financial statements. There is a risk that:</p> <ul style="list-style-type: none"> <li>• transactions relating to the IJB are not correctly classified by the council</li> </ul>	<p>Management are aware of the accounting requirements for inclusion of the IJB's activities in the group statements of the council.</p>	<p>On-going discussion with officers on accounting for the IJB prior to receiving the council's unaudited financial statements.</p> <p>Obtain Assurances from external auditors of NHS Highland and of the IJB.</p> <p>Sample test income and expenditure relating to health and social care services provided to the IJB.</p> <p>Review the arrangements in place to confirm balances between the council and its IJB partners.</p> <p>Confirm whether any overspends or underspends relating to the council are accounted for in accordance</p>

Audit Risk	Management assurance	Planned audit work
<ul style="list-style-type: none"> <li>balances between the council and its IJB partners are not agreed in time for preparation of the financial statements</li> <li>overspends occur if scrutiny of partnership budgets is not effective. Any overspends by the IJB can directly impact the council's budget.</li> </ul>		with the integration scheme.
<b>Wider dimension risks</b>		
<p><b>5 Financial sustainability</b></p> <p>Councils are facing significant financial pressures with reductions in funding and the need to reconfigure services, increasing non discretionary costs, increasing demand for services and the uncertainty around the newly created IJBs.</p> <p>On 23 February 2017, the council agreed a balanced budget for 2017/18 with a surplus of £193k. Indicative budgets forecast a funding gap of £3.3 million for 2018/19 rising to £9.3 million for 2019/20. The approach to meeting the required savings has yet to be developed. This creates a financial sustainability risk for the council as the level of necessary budget savings may adversely affect the level and quality of service provision. The council has recognised this risk as part of its risk management process.</p>	<p>The council has agreed savings options through the Service Choices process which plans for estimated funding reductions by aligning available budget with council priorities.</p> <p>A Transformation Board has been established to oversee the implementation of the savings options. The group will also explore shared services and other alternative service delivery models.</p> <p>Regular monitoring and reporting on the delivery of savings options.</p> <p>Principles of medium to longer term finance strategy have been developed and agreed by members.</p>	<p>Review of the council's budget setting arrangements and its approach to medium and long-term financial planning, including any scenario planning</p> <p>On-going review of budget monitoring reports and other reports presented to members.</p> <p>On-going review of the council's financial position and its progress in achieving its planned savings.</p>
<p><b>6 Financial management - budget setting process</b></p> <p>Audit Scotland's report on 2015/16 budget setting process identified 3 areas for improvement:</p> <ul style="list-style-type: none"> <li>Members should consider circulating proposals for significant changes to the budgeting pack in advance of the council meeting</li> <li>Future budget proposals should include a clear breakdown of how a balanced budget is made up</li> <li>The process for recording officer advice and council decisions on significant items</li> </ul>	Internal audit's review of budgeting.	<p>Consideration of internal audit's review of budgeting.</p> <p>Attendance at the budget setting council meeting.</p> <p>Follow up of progress on improvement actions identified.</p>

Audit Risk	Management assurance	Planned audit work
<p>such as setting the budget should be reviewed to ensure minutes are comprehensive and transparent.</p> <p>If these actions are not implemented, there is a risk that the scrutiny of the budget setting process is ineffective.</p>		
<p><b>7 Financial management - financial reporting system</b></p> <p>There is a requirement to replace the main financial reporting system (Discoverer) by June 2017. There is a risk that this has an adverse impact on the council's financial reporting at an important stage of accounts preparation.</p>		<p>On-going review of progress.</p>
<p><b>8 Best value follow-up</b></p> <p>The Accounts Commission's Best Value report, published in December 2015, identified several areas for improvement for the council, including:</p> <ul style="list-style-type: none"> <li>• Operating in a more open and transparent way</li> <li>• Better involving communities in decision making and scrutiny</li> <li>• Taking a more innovative approach to dealing with its financial challenges</li> <li>• Continuing to seek a resolution to a number of relationship issues relating to elected members and others.</li> </ul> <p>There is a risk that the measures identified in the resulting improvement plan will not effectively address the issues raised in the report.</p>	<p>An improvement plan has been developed and agreed by members to take forward the Accounts Commission's recommendations.</p>	<p>Review of the council's leadership, governance and scrutiny processes, including the role of area committees, as part of our on-going Best Value work.</p> <p>Review of progress made against the Accounts Commission's recommendations in the 2015 Best Value report.</p> <p>Review of induction and training arrangements in place for new members.</p>
<p><b>9 Workforce planning</b></p> <p>A People Strategy for 2016-2020 was approved by the Council in September 2016. However, the strategy does not contain any detailed information regarding, for example, future projections for staff numbers.</p> <p>There is a risk that the council does not have the required capacity and skills to deliver effectively its services in the future.</p>	<p>Workforce plan are starting to be developed with discussions at service level on the required capacity and skills already taking place.</p>	<p>On-going review of progress with the preparation of a workforce plan.</p>

## Charitable Trusts Administered by Argyll and Bute Council

3. The Charities Accounts (Scotland) Regulations 2006 specify the accounting and auditing requirements for Scottish registered charities. The council acts as the sole trustee to eight individual charitable trusts. It is also in the process of creating a charitable trust to operate all council owned leisure and library services.

4. We will carry out the audit of the council's charitable trusts in parallel with the audit of Argyll and Bute Council's financial statements. There are no specific financial statements risks for these audits which we require to bring to your attention.

5. However, as reported in our report to those charged with governance on the 2015/16 audit, the majority of these trusts appear to be dormant and there may be a perception that they are not being run for the public benefit. Trustees should consider whether the trusts are meeting their objectives and whether or not they should be wound up. We also reported that trust deeds or governing documents specifying the purpose of trusts could no longer be located. We will follow up these issues as part of this year's trusts' audit.

## Reporting arrangements

6. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

7. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

8. We will provide an independent auditor's report to Argyll and Bute Council and the Accounts Commission summarising the results of the audit of the annual accounts. We will provide the Accountable Officer and the Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

## Exhibit 2

### 2016/17 Audit outputs

Audit Output	Target date	Audit Committee (or equivalent) Date
Interim Audit Report	June 2017	TBC
Annual Audit Report including ISA 260 requirements	September 2017	TBC
Signed Independent Auditor's Report	September 2017	N/A

## Audit fee

9. The agreed audit fee for the 2016/17 audit of Argyll and Bute Council is £255,908. This includes £3,300 in respect of the separate audits required for the council's charitable trusts. In determining the audit fee we have taken account of the risk exposure of Argyll and Bute Council, the planned management assurances

in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package, by 30 June, 2017.

**10.** Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

## Responsibilities

### Audit Committee and Accountable Officer

**11.** Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

**12.** The audit of the financial statements does not relieve management or the Audit Committee, as those charged with governance, of their responsibilities.

### Appointed auditor

**13.** Our responsibilities as independent auditor are established by the 1973 Act for local government, and the Code of Audit Practice, and are guided by the auditing profession's ethical guidance.

**14.** Auditors in the public sector give an independent opinion on the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

# Audit scope and timing

## Financial statements

**15.** The statutory financial statements audit will be the foundation and source for the majority of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of Argyll and Bute Council and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how Argyll and Bute Council will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

**16.** We will give an opinion on the financial statements as to:

- whether they give a true and fair view, in accordance with applicable law and the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom (the 2016/17 Code), of the state of the affairs of the council and its group as at 31 March 2017 and of the income and expenditure of the council and its group for the year then ended
- whether they have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code
- whether they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

## Materiality

**17.** Materiality defines the maximum error that we are prepared to accept and still conclude that that our audit objective has been achieved. It helps assist our planning of the audit and allows us to assess the impact of any audit adjustments on the financial statements. We calculate materiality at different levels as described below. The calculated materiality values for Argyll and Bute Council are set out in [Exhibit 3](#).



## Exhibit 3

### Materiality values

Materiality level	Amount
<b>Planning materiality</b> - This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2017, based on the 2015/16 audited accounts.	£3.353 million
<b>Performance materiality</b> - This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 60% of planning materiality.	£2.012 million
<b>Reporting threshold</b> - We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 1% of planning materiality.	£ 34 thousand

**18.** We review and report on other information published with the financial statements including the management commentary, annual governance statement and remuneration report. Any issues identified will be reported to the Audit Committee.

### Timetable

**19.** To support the efficient use of resources it is critical that a financial statements timetable is agreed with us for the production of the unaudited accounts. An agreed timetable is included at [Exhibit 4](#) which takes account of submission requirements and planned Audit Committee dates:

## Exhibit 4

### Financial statements timetable

 Key stage	 Date
Consideration of unaudited financial statements by those charged with governance	June 2017 (TBC)
Latest submission date of unaudited financial statements with complete working papers package	30 June 2017
Latest date for final clearance meeting with Head of Strategic Finance	Early September 2017
Agreement of audited unsigned financial statements; Issue of Annual Audit Report including ISA 260 report to those charged with governance	By 30 September 2017
Independent auditor's report signed	By 30 September 2017
Latest date for signing of WGA return	30 September 2017

## Internal audit

**20.** Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an assessment of the internal audit function. Internal audit is provided by the Council's own internal audit service overseen by a Chief Internal Auditor.

### Adequacy of Internal Audit

**21.** Our review of internal audit concluded that the internal audit service operates in accordance with Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place. We intend to place reliance on IA work as outlined in paragraphs 22 and 23 below.

### Areas of reliance

**22.** To support our audit opinion on the financial statements we plan to place formal reliance on the following planned internal audit reviews:

- Continuous monitoring programme - General ledger, Creditors, Debtors, Payroll, Treasury management, Council tax and NDR
- Procurement - PECOS, Off contract purchasing

**23.** In respect of our wider dimension audit responsibilities we also plan to consider other areas of internal audit work including:

- Tax incremental funding (TIF)
- Risk management - Policy and procedures
- ICT - Security of data
- Governance - FOI requests
- Health and Social Care Scheme of Integration - Governance, Development of risk management, Internal audit arrangements
- Continuous monitoring programme - Arrangements for prevention and detection of fraud, Anti fraud strategy, Serious organised crime
- Budgeting

### Audit dimensions

**24.** Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

## Exhibit 5

### Audit dimensions



**25.** In the local government sector, the appointed auditor's annual conclusions on these four dimensions will contribute to an overall assessment and assurance on best value.

**26.** As part of our responsibility to report on the four audit dimensions, we have identified specific areas of proposed audit work for 2016/17 and these are outlined in paragraphs below. We will do further work over the five-year audit appointment.

#### Financial sustainability

**27.** As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the body's financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We consider:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps
- whether the council can demonstrate the affordability and effectiveness of funding and investment decisions it has made.

**28.** The Council is currently forecasting funding gaps of £3.366m for 2018/19 rising to £9.330m for 2019/20, and has still to develop savings measures to meet these. As this position presents a major risk to financial sustainability, we will closely monitor the council's budget setting process and the delivery of identified savings throughout the course of our audit.

**29.** There were no other significant financial sustainability risks identified by our planning work that we intend to undertake specific work on in 2016/17.

#### Financial management

**30.** Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We consider:

- whether the council has arrangements in place to ensure systems of internal control are operating effectively
- whether the council can demonstrate the effectiveness of its budgetary control system in communicating accurate and timely financial performance
- how the council has assured itself that its financial capacity and skills are appropriate
- whether the council has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

**31.** Budget setting has been identified as an area where improvements could be made in the process. We will review progress made on improvements previously identified.

**32.** There were no other significant financial management risks identified by our planning work that we intend to undertake specific work on in 2016/17.

### **Governance and transparency**

**33.** Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information. We consider

- whether the council can demonstrate that the governance arrangements in place are appropriate and operating effectively
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports.
- the quality and timeliness of financial and performance reporting.

**34.** In September 2010 the Auditor General published a national report on the Role of Boards. The report highlighted a number of key messages on the role of boards and how they are accountable to the Scottish Government and the Scottish Parliament, board members' skills and expertise and how boards operate. In 2016/17 Audit Scotland will conduct a follow up of this report and we will contribute to the intelligence by conducting a review of local arrangements at the council.

**35.** In December 2015 the Accounts Commission reported that the council needs to operate in a more open and transparent way, and involve communities in decision making and scrutiny. We will review progress made, per the related Improvement Plan, against the Accounts Commission recommendations.

**36.** There were no other significant governance and transparency risks identified by our planning work that we intend to undertake specific work on in 2016/17.

### **Value for money**

**37.** Value for money refers to using resources effectively and continually improving services. We consider:

- the council can provide evidence that it is demonstrating value for money in the use of its resources.
- the council can demonstrate that there is a clear link between money spent, output and outcomes delivered.
- the council can demonstrate that outcomes are improving.
- There is sufficient focus on improvement and the pace of it.

**38.** There were no significant value for money risks identified by our planning work that we intend to undertake specific work on in 2016/17.

## Best Value

**39.** The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. The introduction of the new approach coincides with the new five year audit appointments. As such, auditors will use the framework for their audit work from October 2016.

**40.** A key feature of the new approach is that it integrates Best Value into the wider scope annual audit, which will influence audit planning and reporting. Best Value will be assessed comprehensively over the five year audit appointment, both through the on-going annual audit work, and also through discrete packages of work to look at specific issues. Conclusions and judgements on Best Value will be reported through:

- the Annual Audit Report for each council, that will provide a rounded picture of the council overall.
- an Annual Assurance and Risks report that the Controller of Audit will provide to the Commission that will highlight issues from across all 32 council annual audit reports.
- a Best Value Assurance Report (BVAR) for each council that will be considered by the Accounts Commission at least once in a five year period.

**41.** The first six councils on which a BVAR will be published during the first year of the new approach are listed in [Exhibit 6](#) below. Reports will be considered by the Accounts Commission in the period between May 2017 and March 2018.

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### Exhibit 6 2016/17 Best Value Assurance Reports

Clackmannanshire Council	Orkney Islands Council
East Renfrewshire Council	Renfrewshire Council
Inverclyde Council	West Lothian Council

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**42.** The work planned in Argyll and Bute Council this year will focus on the council's arrangements for demonstrating Best Value in financial and service planning, financial governance and resource management. The work will be integrated with that described above in these areas. It will involve us gaining an understanding of how effective the council's self evaluation processes are in driving improvement across the council. The results of this work will be reported in the annual audit report.

**43.** We will also review the council's progress in taking forward the recommendations in the Accounts Commission's Best Value report, published in December 2015. The report identified a number of areas for further improvement including:

- Establishing a more open and transparent culture and style of working.
- Continuing to seek a resolution to a number of relationship issues relating to elected members and others.
- Taking a more innovative approach to dealing with its financial challenges that is in line with its strategic vision and priorities for the area.

- Continuing to demonstrate clearly how it takes on board consultation feedback from its communities and strengthening local empowerment.
- Exploring all options for providing training and development for all members in a way that is most accessible and has greatest impact.

**44.** We provided an update on progress in our annual audit report on the 2015/16 audit and will continue to monitor council's progress in taking forward these recommendations through the annual audit process.

## Independence and objectivity

**45.** Auditors appointed by Audit Scotland must comply with the Code of Audit Practice. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual "fit and proper" declaration for all members of staff. The arrangements are overseen by the Assistant Auditor General, who serves as Audit Scotland's Ethics Partner.

**46.** The engagement lead for Argyll and Bute Council is David McConnell, Assistant Director. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Argyll and Bute Council.

## Quality control

**47.** International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

**48.** The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards, and the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews, internal quality reviews and is currently reviewing the arrangements for external quality reviews.

**49.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

# Argyll and Bute Council

## Annual Audit Plan 2016/17

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